



**Office of Enterprise Compliance**

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February 15, 2011

**AGENDA ITEM 4c**

**TO: MEMBERS OF THE FINANCE COMMITTEE**

- I. SUBJECT:** CalPERS Ethics Helpline Report
- II. PROGRAM:** Office of Enterprise Compliance
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

The CalPERS Ethics Helpline (Helpline) is available to all persons for reporting inappropriate or incompatible activities and conflicts of interest pertaining to CalPERS business. The CalPERS Ethics Helpline enables CalPERS to foster a business culture of integrity and compliance by facilitating the reporting and identification of issues and events. It reinforces CalPERS commitment to ethics, transparency, and accountability.

The Helpline received 13 reports for the period of November 15, 2010 to December 15, 2010. The Office of Enterprise Compliance (ECOM) reviewed each report for the issues identified and directed reports to the appropriate channels for resolution. ECOM distributes the reports weekly to the Assistant Executive Officers and Division Chiefs of the impacted divisions. The status of each report is tracked with updates on resolution from the identified primary business line every two weeks. In some cases, the Legal Office and Office of Audit Services are provided secondary review of reports.

Reports dispatched from EthicsPoint are considered open until they have been reviewed by ECOM. After reports have been distributed to the appropriate divisions, they are considered pending until they are closed with a resolution.

For ease of identifying specific case information, ECOM has created a new numeric identifier. The "Case ID Number" is reflected on all applicable reports attached to this item and will be included on all future agenda items.

*CalPERS Ethics Helpline, Report Status Summary* (Attachment A), contains a summary of the 34 reports received to date. EthicsPoint Helpline reporters are using both the EthicsPoint Web site as well as its EthicsPoint call center. Members of the public filed 82 percent of the reports while CalPERS employees reported the remaining 18 percent. CalPERS reporting continues to be consistent with other help lines EthicsPoint administers, where anonymous reporters filed 65 percent of the reports. Previously reported items are marked in gray. To allow easy identification of reports received during the reporting period from November 15, 2010, to December 15, 2010, these items are shown in white. Also, it should be noted the column labeled as “% of Total” has been removed, and new columns have been added for “Intake Date” and “Closed Date”.

In the cumulative reporting period from September 13, 2010 to December 15, 2010, the average time a report was open is 30 days. A total of 16 out of 21 reports closed within 30 days of opening. The remaining 13 reports are of pending status awaiting resolution.

*CalPERS Ethics Helpline, Report Data Graphs* (Attachment B), reflect the issue types, reports by resolution, management implication, report intake method, and anonymity of the reporter. The “other” category on the data graph labeled “Report Intake Method”, includes reports received via mail, e-mail, or by callers who contacted CalPERS directly rather than using the Helpline.

*CalPERS Ethics Helpline, Report Resolution Chart* (Attachment C), reflects the actions taken in the closed reports. It is the goal of CalPERS to resolve all reported issues as soon as possible. However, reports have different priority levels. Certain timelines for the required processes, which includes the audit cycle and process as well as personnel actions, may extend the timeframe for resolution of the reports.

The *Summary of Closed Substantiated Cases* (Attachment D) report reflects a brief summary of the disposition of substantiated cases.

*Transmittal and Escalation Protocol for Ethics Helpline Issues and Allegations* (Attachment E), describes the procedures used to process, track, address, and escalate reports, as well as the protocols the Chief Compliance Officer follows in reporting on issues and allegations involving a Board member/representative or Board reportable staff.

## **V. STRATEGIC PLAN:**

This item is not a specific product of the Strategic Plan but is part of the regular and ongoing workload planned for the Office of Enterprise Compliance.

**VI. RESULTS/COSTS:**

N/A

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SHERRY A. JOHNSTONE  
Chief Compliance Officer  
Office of Enterprise Compliance

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LARRY JENSEN  
Interim Chief Risk Officer  
Office of Enterprise Risk Management

Attachments